

RULE 20.3
NEW SOURCE REVIEW
MAJOR STATIONARY SOURCES AND PSD STATIONARY SOURCES
(ADOPTED AND EFFECTIVE 5/17/94)
(REV. ADOPTED AND EFFECTIVE 12/17/97)

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NOTE: The following listed sections and subsections will not be submitted to the federal Environmental Protection Agency (EPA) for inclusion in the San Diego State Implementation Plan (SIP):

Subsections (b)(2), (b)(3), (d)(1)(i), (d)(1)(ii), (d)(1)(iii), (d)(2)(v), (d)(5)(i), (d)(5)(ii) and (d)(5)(iv).

Subsections (d)(2)(i) through (d)(2)(iv), and (d)(2)(vi) will be submitted to EPA for inclusion in the SIP only with respect to national ambient air quality standards.

**RULE 20.3. NEW SOURCE REVIEW - MAJOR STATIONARY SOURCES
AND PREVENTION OF SIGNIFICANT DETERIORATION
(PSD) STATIONARY SOURCES
(Adopted & Effective: 5/17/94; Rev. Effective 12/17/97)**

(a) APPLICABILITY

This rule applies to any new or modified major stationary source, to any new or modified emission unit and to any relocated emission unit being moved from a stationary source if, after completion of the project, the stationary source will be a major stationary source or a Prevention of Significant Deterioration (PSD) Stationary Source.

(b) EXEMPTIONS

The exemptions contained in Rule 20.1, Section (b) apply to this rule. In addition, for purposes of this rule, the following exemptions shall apply.

(1) Emission units which are to be temporarily relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1)(ii) provided that:

- (i) The emission unit is not being modified,
- (ii) There is no increase in the emission unit's potential to emit,
- (iii) The unit is not located for more than 180 days at the stationary source where it is moved to, and
- (iv) The emission unit is not located at more than two stationary sources over any 365-day period.

(2) Emission units which are intended to be permanently relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1)(ii), provided that:

- (i) There is no increase in the emission unit's potential to emit,
- (ii) The relocation occurs within 10 miles of the previous stationary source, and
- (iii) The relocated emission unit commences operating at the stationary source it was relocated to within one year of the emission unit ceasing operations at its previous stationary source.

(3) Emission increases resulting from an air contaminant emission control project shall be exempt from the emission offset requirements of Subsection (d)(5), (d)(6), (d)(7) and (d)(8) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.

(c) **DEFINITIONS**

The definitions contained in Rule 20.1, Section (c) apply to this rule.

(d) **STANDARDS**

(1) **BEST AVAILABLE CONTROL TECHNOLOGY (BACT) AND LOWEST ACHIEVABLE EMISSION RATE (LAER)**

The Air Pollution Control Officer shall deny an Authority to Construct or modified Permit to Operate for any emission unit subject to this rule unless the applicant demonstrates that the following requirements will be satisfied:

(i) **New or Modified Emission Units - BACT**

Except as provided in Subsection (d)(1)(v), any new or modified emission unit which has any increase in its potential to emit particulate matter (PM₁₀), oxides of nitrogen (NO_x), volatile organic compounds (VOC), or oxides of sulfur (SO_x) and which unit has a post-project potential to emit 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant.

(ii) **Relocated Emission Units**

Except as provided in Subsection (d)(1)(v), and except as provided for in Subsections (b)(2) and (b)(3), any relocated emission unit with a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant.

(iii) **Replacement Emission Units**

Except as provided in Subsection (d)(1)(v), any replacement emission unit with a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant.

(iv) **Emergency Equipment Emission Units**

Any new or modified emergency equipment emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant. BACT shall apply based on the unit's non-emergency operation emissions and excluding the unit's emissions while operating during emergency situations.

(v) **Lowest Achievable Emission Rate (LAER)**

Except as provided for in Subsections (d)(1)(iv) and (d)(7), LAER shall be required for each new, modified, relocated or replacement emission unit which results in an emissions increase which constitutes a new major source or major modification. LAER shall be required only for those air contaminants and their precursors for which the stationary source is major and for which the District is classified as non-attainment of a national ambient air quality standard.

(vi) **New or Modified Emission Units - PSD Stationary Sources**

Any new or modified emission unit at a PSD stationary source, which emission unit has an emission increase of one or more air contaminants which constitutes a new PSD stationary source (see Table 20.1-11) or PSD modification (see Tables 20.1-8 and 20.1-10), shall be equipped with BACT for each such air contaminant.

(2) **AIR QUALITY IMPACT ANALYSIS (AQIA)**

The Air Pollution Control Officer shall deny an Authority to Construct or modified Permit to Operate for any emission unit subject to this rule unless the following requirements are satisfied. Area fugitive emissions of PM₁₀ shall not be included in the demonstrations required below unless the Air Pollution Control Officer determines, on a case-by-case basis, that a project's area fugitive emissions of PM₁₀ must be evaluated in order to protect public health and welfare.

(i) **AQIA for New or Modified Units**

For each project which results in an emissions increase equal to or greater than any of the amounts listed in Table 20.3 - 1, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that the project will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), nor

(D) prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

ABLE 20.3 - 1
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>Emission Rate</u>		
	<u>(lb/hr)</u>	<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

(ii) **AQIA for Replacement Emission Units**

For each replacement project which results in an emission increase equal to or greater than any of the amounts listed in Table 20.3 - 1, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that the replacement project will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), nor

(D) prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iii) **AQIA for Relocated Emission Units**

Prior to issuance of a permit allowing an emission unit or a project to be relocated to a major stationary source, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that operating the emission unit or project at the new location will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard,

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded,

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v) below, nor

(D) prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

This demonstration is required for each air contaminant for which the project has a potential to emit equal to or greater than the amounts listed in Table 20.3 - 1. If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iv) **AQIA Not Required for NO_x or VOC Impacts on Ozone**

Notwithstanding the requirements of Subsections (d)(2)(i), (ii), or (iii) a demonstration shall not be required for determining the impacts from a project's NO_x or VOC emissions on the state or national ambient air quality standard for ozone, unless

the Air Pollution Control Officer determines that adequate procedures exist for determining the impacts of NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) or the federal Environmental Protection Agency (EPA).

(v) **AQIA Requirements for PM₁₀ Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i), (ii), or (iii) the Air Pollution Control Officer may waive the AQIA requirements for PM₁₀ impacts on the state ambient air quality standards, as follows:

(A) If the project will result in a maximum PM₁₀ air quality impact of less than 5 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the project must be equipped with BACT for PM₁₀ emissions without consideration for cost-effectiveness,

(2) all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the project's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, at a ratio of at least 1 to 1,

(4) emission offsets in an amount and location which are demonstrated to have a modeled off-stationary source air quality impact at least equal to the project's PM₁₀ ambient air quality impact minus 5 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis) must be provided, and

(5) all reasonable efforts to reduce the air quality impacts of the project are made.

(C) In no case shall the project result in a maximum PM₁₀ air quality impact equal to or greater than 10 µg/m³ (24-hour average basis) or equal to or greater than 6 µg/m³ (annual geometric mean basis).

(vi) **AQIA May be Required**

Notwithstanding any other provision of this rule, the Air Pollution Control Officer may require an AQIA for any new or modified stationary source, any emission unit or any project if the stationary source, emission unit or project may be expected to:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, or

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, or

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), or

(D) prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

(3) PREVENTION OF SIGNIFICANT DETERIORATION (PSD)

The Air Pollution Control Officer shall deny an Authority to Construct or modified Permit to Operate for any project subject to this rule unless the applicant demonstrates that the following requirements are satisfied.

(i) Applicability

(A) New PSD Stationary Source and PSD Modification

The provisions of Subsections (d)(3)(ii) through (vii) shall apply to any new PSD stationary source and to any PSD modification, for those air contaminants for which the District is classified as attainment or unclassified with respect to a national ambient air quality standard.

(B) Significant Impact

The provisions of Subsections (d)(3)(ii) through (vii) shall apply to any project which is expected to have a significant impact on any Class I area, as determined by an AQIA required pursuant to Subsection (d)(2), regardless of the Class I area's national attainment or non-attainment classification. For Class II areas, the provisions of Subsections (d)(3)(ii) through (vii) apply only if, in addition to causing a significant impact, the Class II area where the significant impact occurs is classified as attainment of the national ambient air quality standard for that pollutant.

(C) Non-Criteria Pollutant Emissions Significance Levels

The provisions of Subsections (d)(3)(ii), (iii), (v), and (vii) shall apply to any emission increase of a non-criteria air contaminant at a PSD stationary source with a potential to emit equal to or greater than a non-criteria pollutant emissions significance level (see Table 20.1-8) for the air contaminant.

(ii) Notification Requirements

(A) Notification of Federal Land Manager - Before Application Submittal

The applicant shall provide written notification to the Federal Land Manager of the applicant's intent to file an application for an Authority to Construct, Permit to Operate, or a Determination of Compliance pursuant to Rule 20.5, not less than 30 days prior to application submittal. The applicant's notification to the Federal Land Manager shall include copies of all of the analyses required by this Subsection (d)(3). Concurrently, the applicant shall notify the federal EPA and the District, and provide copies of the written notification given to the Federal Land Manager.

(B) Notification of Federal Land Manager - After Application Submittal

If a project is modified prior to issuance of an Authority to Construct such that it becomes subject to Subsection (d)(3), the Air Pollution Control Officer shall provide the notification required by Subsection (d)(3)(ii)(A) no later than 15 days after it is determined that the provisions of Subsection (d)(3) apply.

(C) Failure to Notify

If the applicant has failed to provide the notification required by Subsection (d)(3)(ii)(A) within the time periods described in that subsection, the applicant shall provide the notification required by that subsection no later than 15 days after the Air Pollution Control Officer informs the applicant that the provisions of Subsection (d)(3) apply.

(iii) Air Quality Impact Analysis (AQIA)

Notwithstanding the emission threshold requirements of Subsection (d)(2), the applicant shall perform an AQIA as prescribed in Subsection (d)(2) for those pollutants for which, pursuant to Subsection (d)(3)(i), Subsection (d)(3) applies. In conducting the AQIA, projected growth calculated pursuant to (d)(3)(v)(A) shall be taken into account. The Air Pollution Control Officer shall comply with the public comment and notice provisions of Subsection (d)(4) and with the following:

(A) Federal Land Manager and federal EPA Notification

Notify the Federal Land Manager and EPA. This notification shall include all of the analyses required by Subsection (d)(3), the location of the project, the project's approximate distance from all Class I areas within 100 km of San Diego County (as specified in Rule 20.1, Table 20.1 - 3), and the results of the AQIA, at least 60 days prior to the public comment period required by Subsection (d)(4).

(B) ARB, SCAQMD and Imperial County APCD Notification

Notify and submit to the California ARB, the South Coast Air Quality Management District and the Imperial County Air Pollution Control District all of the information required by Subsection (d)(4)(iv).

(iv) Air Quality Increment

If the stationary source is located in an area designated as attainment or unclassified for the SO_x, NO_x, or PM₁₀ national ambient air quality standard pursuant to Section 107(d)(1)(D) or (E) of the federal Clean Air Act, the following shall be satisfied:

(A) The applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer, using procedures approved by the Air Pollution Control Officer, that the applicable air quality increments are not exceeded within the project's impact area.

(B) The demonstration required by Subsection (d)(3)(iv)(A) shall include the following:

(1) a description of the federal attainment area where a significant impact occurs and the attainment area's corresponding non-major source baseline date, and

(2) an analysis of the air quality impacts of all increment consuming and increment expanding emissions within the impact area, and

(3) an analysis of the air quality impacts of increment consuming and increment expanding emissions outside the impact area that may have a significant impact within the impact area.

(v) **Additional Impacts Analyses**

The analyses required by Subsections (d)(3)(v)(A) through (C) shall include the impacts of total emissions which exceed a non-criteria emissions significance level.

(A) **Growth Analysis**

The applicant shall prepare a growth analysis containing all of the following:

(1) an assessment of the availability of residential, commercial, and industrial services in the area surrounding the stationary source,

(2) a projection of the growth in residential, industrial and commercial sources, construction related activities, and permanent and temporary mobile sources which will result from the construction of the new major stationary source or major modification, including any secondary emissions associated with the construction,

(3) an estimate of the emission of all pollutants from the projected growth, and

(4) a determination of the air quality impacts occurring due to the combined emissions from the projected growth and the stationary source's emissions increase.

(B) **Soils & Vegetation Analysis**

The applicant shall perform an analysis of the impacts from air contaminants on soils and vegetation containing all of the following:

(1) the analysis shall be based on an inventory of the soils and vegetation types found in the impact area, including all vegetation with any commercial or recreational value, and

(2) the analysis shall consider the impacts of the combined emissions from projected growth as determined above, pursuant to Subsection (d)(3)(v)(A) and the stationary source's emissions increase.

(C) **Visibility Impairment Analysis**

The applicant shall perform a visibility impairment analysis. The analysis shall focus on the effects of the emission increases from the new PSD stationary source or PSD modification and their impacts on visibility within the impact area. The analysis shall include a catalog of scenic vistas, airports, or other areas which

could be affected by a loss of visibility within the impact area, a determination of the visual quality of the impact area, and an initial screening of emission sources to assess the possibility of visibility impairment. If the screening analysis indicates that a visibility impairment will occur, as determined by the Air Pollution Control Officer, a more in-depth visibility analysis shall be prepared.

(vi) **Protection of Class I Areas**

(A) **Requirements**

(1) An AQIA shall be prepared as prescribed in Subsection (d)(2) for all emission increases attributable to the new or modified stationary source, notwithstanding the emission threshold requirements of Subsection (d)(2). The AQIA shall include a demonstration that the new or modified stationary source will not cause or contribute to a violation of any national ambient air quality standard nor interfere with the attainment or maintenance of those standards.

(2) The analyses contained in Subsections (d)(3)(iii) through (v) shall be prepared for all emission increases which will result in a significant impact.

(B) **Application Denial - Federal Land Manager/Air Pollution Control Officer Concurrence**

The Air Pollution Control Officer shall deny an Authority to Construct for a new or modified stationary source subject to this Subsection (d)(3)(vi), if the Federal Land Manager demonstrates, and the Air Pollution Control Officer concurs, that granting the Authority to Construct would result in an adverse impact on visibility, soils, vegetation or air quality related values of a Class I area. The Air Pollution Control Officer shall take into consideration mitigation measures identified by the Federal Land Manager in making the determination.

(vii) **Additional Requirements**

(A) **Tracking of Air Quality Increment Consumption Sources**

The Air Pollution Control Officer shall track air quality increment consumption, consistent with current requirements established by the federal EPA.

(B) **Stack Height Requirement**

The applicant for any new or modified PSD stationary source with a stack height greater than 65 meters must demonstrate to the satisfaction of the Air Pollution Control Officer that the new or modified stationary source complies with the Good Engineering Practice (GEP) requirements contained in the 1993 version of 40 CFR 51.100(ii). The Air Pollution Control Officer may specify compliance with a more recent version of the GEP requirements upon finding that such specification will not significantly change the effect of this paragraph and is necessary to carry out federal PSD requirements.

(C) **Preconstruction Monitoring Requirement**

The applicant shall submit at least one year of continuous monitoring data, unless the Air Pollution Control Officer determines that a complete and adequate

analysis can be accomplished with monitoring data gathered over a shorter period. Such shorter period shall not be less than four consecutive months. The requirement for monitoring may be waived by the Air Pollution Control Officer if representative monitoring data is already available.

(D) Cancellation of Authority to Construct

Any Authority to Construct or modified Permit to Operate issued to a PSD stationary source subject to the provisions of Subsection (d)(3) of this rule, shall become invalid if construction or modification is not commenced within 18 months after its issuance or if construction or modification is discontinued for a period of 18 months or more after its issuance. The 18-month period may be extended by the Air Pollution Control Officer for good cause.

(4) **PUBLIC NOTICE AND COMMENT**

The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any project subject to the AQIA or notification requirements of Subsections (d)(2) or (d)(3) above, nor for any project which results in an emissions increase of VOC equal to or greater than 250 pounds per day or 40 tons per year, nor for any project that would otherwise constitute a new major source or a major modification, unless the following requirements are satisfied.

(i) Public Comment Period

At least 40 days before taking final action on an application, the Air Pollution Control Officer shall:

(A) provide the public with notice of the proposed action in the manner prescribed in Subsection (d)(4)(iii), and

(B) provide the California ARB and federal EPA with notice of the proposed action and all of the information specified in Subsection (d)(4)(iv), and

(C) make available for public inspection all information relevant to the proposed action as specified in Subsection (d)(4)(iv), and

(D) provide at least a 30-day period within which comments may be submitted.

The Air Pollution Control Officer shall consider all comments submitted.

(ii) Applicant Response

Except as agreed to by the applicant and the Air Pollution Control Officer, no later than 10 days after close of the public comment period the applicant may submit written responses to any comment received during the public comment period. Responses submitted by the applicant shall be considered prior to the Air Pollution Control Officer taking final action. The applicant's responses shall be made available for public review.

(iii) **Publication of Notice**

The Air Pollution Control Officer shall publish a notice of the proposed action in at least one newspaper of general circulation in San Diego County. The notice shall:

- (A) describe the proposed action, and
- (B) identify the location(s) where the public may inspect the information relevant to the proposed action, and
- (C) indicate the date by which all comments must be received by the District for consideration prior to taking final action.

(iv) **Information to be Made Available for Public Inspection**

The relevant information to be made available for public inspection shall include, but not be limited to:

- (A) the application and all analyses and documentation used to support the proposed action, the District's evaluation of the project, a copy of the draft Authority to Construct or Permit to Operate and any information submitted by the applicant not previously labeled Trade Secret pursuant to Regulation IX, and
- (B) the proposed District action on the application, including the preliminary decision to approve, conditionally approve or deny the application and the reasons therefor.

(5) **EMISSION OFFSETS**

Except as provided in Subsection (d)(8), the Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any project subject to this rule unless emission offsets are provided on a pollutant specific basis for any emission increases of non-attainment air contaminants and their precursors. Emission offsets shall be provided for emission increases from projects to the extent by which the stationary source's post-project aggregate potential to emit is greater than 15 tons per year, as specified below. Interpollutant offsets may be used, provided such offsets meet the requirements of Subsection (d)(5)(vi).

(i) **Offset Requirements for VOC and NOx Emission Increases - New or Modified Emission Units**

(A) **Offset Requirements for VOC Emission Increases**

The VOC emission increase from a new or modified emission unit located at a stationary source with a VOC post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset at the offset ratio specified in Table 20.3 - 2.

(B) **Offset Requirements for NOx Emission Increases**

The NOx emission increase from a new or modified emission unit located at a stationary source with a NOx post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset at the offset ratio specified in Table 20.3 - 2.

TABLE 20.3 - 2
VOC and NOx Offset Ratios
Federal Serious Ozone Non-Attainment Classification

Stationary Source's Post-Project Aggregate VOC or NOx <u>Potential to Emit</u>	Offset Ratio	
	<u>NOx</u>	<u>VOC</u>
Potential < 15 tons/year	None	None
Potential > 15 tons/year	1 : 1	1 : 1
Potential ≥ 50 tons/year	1.2:1.0	1.2:1.0

The federal offset ratios of 1.2 to 1.0 specified in this Table shall only apply if the new or modified emission unit or project constitutes a new major source or major modification.

(ii) **Reserved**

(iii) **Offset Requirements for CO Emission Increases - New or Modified Emission Units**

(A) **Offset Requirements for CO Emission Increases**

Except as provided in Subsection (d)(5)(iii)(B) below, the carbon monoxide (CO) emission increase from a new or modified emission unit located at a stationary source, and which increase constitutes a new major stationary source or major modification for CO, shall be offset at a 1.0 to 1.0 offset ratio. This requirement shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.

(B) **Waiver of CO Offset Requirements**

Notwithstanding the offset provisions of Subsection (d)(5)(iii)(A), if an applicant demonstrates to the satisfaction of the Air Pollution Control Officer, by means of an AQIA, that the new or modified emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of any state or national ambient air quality standard for CO, emission offsets for CO shall not be required.

(iv) **Offset Requirements - Relocated and Replacement Emission Units**

The VOC and NOx emission increases that result from a relocated or replacement emission unit at a stationary source which, on a pollutant specific basis, has a post-project potential to emit equal to or greater than 15 tons per year, shall be offset as specified in Subsection (d)(5)(i).

(v) **Offset Requirements - Air Contaminant Emission Control Projects Installed Pursuant to District Rules and Regulations**

If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply with a requirement of these rules and regulations, but not including Rules 20.1, 20.2,

20.3, 20.4, or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District Bank, consistent with the provisions of Subsection (d)(6) of this rule. In order for the emission unit to be eligible to receive emission reduction credits (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

(B) the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

(vi) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.3 - 2 to satisfy the offset requirements of Subsections (d)(5), (d)(6), (d)(7) and (d)(8) of this rule, provided the applicant demonstrates to the satisfaction of the Air Pollution Control Officer, that the AQIA requirements of Subsection (d)(2), as applicable, are satisfied for the emission increase. The interpollutant ratios shall be multiplied by the emission offset ratios required by this rule to determine the final offset ratio.

TABLE 20.3 - 3
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(6) EMISSION OFFSET REQUIREMENTS: USE OF DISTRICT BANK EMISSION REDUCTION CREDITS (ERCs)

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained District Bank provided that the following are satisfied:

(i) The District Bank has been established consistent with the provisions of Rule 26.0 et seq.,

(ii) The District Bank contains sufficient ERCs to allow for the emissions to be fully offset, if necessary with a combination of emission reductions from the District Bank and emission reductions provided directly by the affected stationary source, and

(iii) Only banked ERCs in excess of those necessary to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act are utilized.

The use of District Bank ERCs shall be prioritized in the following order. In order to make this prioritization, the Air Pollution Control Officer shall determine, based on a review

of the District's permit program for the previous calendar year, the amount of ERCs from the District Bank which are to be allocated for each category:

(iv) For use to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act , or

(v) For use by essential public service projects, provided the applicant demonstrates to the satisfaction of the Air Pollution Control Officer, that the applicant is unable to create or acquire some or all of the required emission offsets, despite all reasonable efforts, and that the cost of some or all of the required offsets, in dollars per pound of emission reduction credit, exceeds five times the cost of control measures required to meet stationary source emission standards contained in these rules and regulations, or

(vi) For use for air contaminant emission control projects as provided for in Subsection (d)(5)(v) of this rule, and

(vii) For any other purpose approved by the Air Pollution Control Board and in conformity with state and federal laws and requirements.

(7) EXEMPTION FROM LAER

Any stationary source which provides VOC or NOx emission reductions from within the stationary source at a ratio of at least 1.3 to 1.0 for any increase of VOC or NOx subject to the LAER provisions of Subsection (d)(1)(v), shall be exempt from the requirements of this rule for LAER and from further emission offsets for such increases. In addition, any modification of an existing stationary source which results in an emission increase of VOC or NOx may apply BACT instead of LAER provided the stationary source's post-project aggregate potential to emit is less than 100 tons per year of VOC or NOx. This provision shall apply on a pollutant specific basis.

(8) DETERMINING APPLICABILITY OF LAER AND FEDERAL OFFSET PROVISIONS

The determination that a project at an existing major stationary source is a major modification and is subject to the LAER and federal emission offsets provisions of this Subsection (d)(8) shall be based on the stationary source's contemporaneous emission increases. The determination that a project at a new stationary source is a new major source and is subject to the LAER and emission offset provisions of this Subsection (d)(8) shall be based on the post-project potential to emit of the project.

(i) Requirements

The applicant for a new, modified, relocated or replacement emission unit or project at a stationary source shall submit, with each application for such emission unit or project, sufficient information to determine the emission increases from such emission unit or project and the contemporaneous emission increases if the stationary source is an existing major stationary source. Each application shall be accompanied by a current tabulation of contemporaneous emission increases if the stationary source is an existing major stationary source. For any major stationary source undergoing a major modification based on the stationary source's contemporaneous emission increase and for each emission unit or project which constitutes a new major stationary source, the LAER and offset provisions shall apply as follows:

(A) Lowest Achievable Emission Rate (LAER)

The LAER provisions of Subsection (d)(1) shall apply to any project which results in an emissions increase occurring at a stationary source which increase constitutes a new major source or major modification, on a pollutant specific basis. This provision shall not relieve a source from also complying with the BACT provisions of Subsection (d)(1), as applicable.

(B) Emission Offsets

The NO_x and VOC emission increases from a new, modified, relocated or replacement emission unit or project which increases constitute a new major source or major modification of a major stationary source shall be offset at a ratio of 1.2 to 1.0, on a pollutant specific basis. Interpollutant offsets may be used provided they meet the requirements of Subsection (d)(5)(vi).

The CO emission increase that results from a new, modified, relocated or replacement emission unit at a stationary source and which increase constitutes a new major stationary source or major modification for CO shall be offset at a ratio of 1.0 to 1.0. This requirement shall no longer apply to CO emission increases if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.

When an emissions increase from a new or modified emission unit or project has been determined to be subject to, and approved as in compliance with, the BACT, LAER and/or federal emission offset requirements of Subsections (d)(7) and (d)(8) of this rule, the contemporaneous emissions increase for the subject air contaminant or precursor shall thereafter not include any residual emission increase from such new or modified emission unit or project, on a pollutant specific basis.

(e) **ADDITIONAL REQUIREMENTS**

(1) Compliance Certification

Prior to receiving an Authority to Construct or modified Permit to Operate pursuant to this rule, an applicant for any new or modified stationary source required to satisfy the LAER provisions of Subsection (d)(1) or the major source offset requirements of Subsection (d)(8) shall certify that all major stationary sources owned or operated by such person, or by any entity controlling, controlled by or under common control with such a person, in the state are in compliance, or on an approved schedule for compliance, with all applicable emission limitations and standards under the federal Clean Air Act.

(2) Alternative Siting and Alternatives Analysis

The applicant for any new major stationary source required to satisfy the LAER provisions of Subsection (d)(1) or the major source offset requirements of Subsection (d)(5), shall conduct an analysis of alternative sites, sizes, production processes, and environmental control techniques for such proposed source which demonstrates that the benefits of the proposed source outweigh the environmental and social costs imposed as a result of its location or construction. Analyses conducted in conjunction with state or federal statutory requirements may be used.